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SUBJECT: BOSNIA: PIC POLITICAL DIRECTORS PUSH FOR
CONSTITUTIONAL REFORM

REF: SARAJEVO 1464

Classified By: AMBASSADOR DOUGLAS MCELHANEY, REASONS 1.4 (B) AND (D)

¶1. (C) Summary: The Political Directors of the Peace Implementation Council (PIC) Steering Board pushed for constitutional and police reform during the October 19-20 meeting. The Board discussed the OHR June 2007 closure and subsequent role of an expanded European Union Special Representative (EUSR). In a private session several European PIC representatives expressed concern that Bosnia might not be ready yet for an OHR closure by June 2007. OHR High Representative Christian Schwarz-Schilling suggested extending the OHR mandate or giving Bonn powers to the EUSR. EUR DAS Rosemary DiCarlo, the UK, EU Council and EC argued against altering the OHR closure timetable. OHR updated Steering Board members on plans to end the Brcko Supervisor regime and to resolve political deadlock in the Mostar city government. Bosnian government officials told the PIC they expect no progress on reforms until the new government is formed, not likely before February 2007. End Summary

Pressure on Constitutional Reform

¶2. (C) PIC Political Directors used their October 19-20 meeting to press Bosnian political leaders on constitutional reform and urge them to adopt quickly the U.S.-brokered package of constitutional amendments agreed to in March. At the HighRep's request, DAS DiCarlo addressed a reception for leaders of Bosnia's eight main political parties hosted by the PIC to remind the leaders of the critical importance of constitutional reform for BiH's Euro-Atlantic aspirations and to urge them to adopt the amendment package as soon as possible. DAS DiCarlo also underlined the commitment the party leaders has made to Secretary Rice on constitutional reform. The PIC also used U.S.-proposed language in its communique to stress the importance of constitutional reform to Bosnia's Euro-Atlantic aspirations.

Keeping Police Reform on Track

¶3. (C) Members of the PIC Steering Board also urged Bosnian leaders to proceed immediately with police reform. The Steering Board noted that the work of the Directorate for Police Restructuring is not dependent on the formation of a new government and should continue. Steering Board members pressed individual Bosnian politicians to support the police reform process. SNSD President Milorad Dodik told OHR HR Schwarz-Schilling during the POLDIR's reception that he was not yet willing to change his position on police reform, but would not want to block an SAA as he sees the future of the RS in European integration. The PIC Communique emphasized

the need for all parties to take fundamental decisions allowing for the implementation of police reform. (NOTE: On the weekend after the PIC meeting, Dodik publicly announced that he was willing to block the SAA process if police reform did not meet RS criteria. END NOTE).

EUSR Mandate

14. (C) HighRep Schwarz-Schilling stressed the importance of having a fully-staffed reinforced EUSR office in place prior to June 2007 in order to ensure that the transition from OHR to EUSR is seamless. He also called on EU members of the PIC to ensure that the European Union Council provided the EUSR with a clear mandate on security, political, and rule of law issues, including constitutional and police reform. He also challenged the EU recommendation to provide the Commission rather than the EUSR with a mandate for educational issues. During discussion of the communique, the HighRep also objected strongly to a Commission proposal to strike language that noted the EUSR would represent the EU in phase two constitutional reform negotiations. (Comment: The HighRep's decision to publicly challenge the Commission on education and constitutional reform before the entire PIC Steering Board did not sit well with other EU Political Directors and exposed the HighRep's private claims that Brussels has endorsed his vision of an EUSR as inaccurate. End Comment).

Europeans Uneasy about OHR Closure Timetable

15. (C) In an open Steering Board Session on OHR closure, PIC political directors discussed logistical plans for closing OHR. Although several references were made to the upcoming

SARAJEVO 00002752 002 OF 003

February PIC final decision on closure, no Steering Board member publicly questioned the June 2007 timetable. DAS Rosemary DiCarlo told the group that the U.S. has seen nothing to cause it to alter the earlier assessment that OHR should close in June 2007. However, in a POLDIR's only session several European PIC Political Directors expressed concern that Bosnia may not be ready for full OHR closure in June 2007. They cited the nationalist rhetoric during the recent election campaign, the complete lack of progress on reform over the last six months, and the potential impact of a Kosovo final status decision as reasons for their concern.

16. (C) The HighRep echoed many of these concerns and suggested that the PIC needed to develop a "Plan B" to manage this contingency. He also argued that agreement on a "Plan B" was required by the December 6 PIC, since actual financial and staffing cuts would have to start in December 2006 and could not be reversed, if the PIC judged in February that a "Plan B" was necessary. With this in mind, the HighRep first suggested contingency planning for keeping OHR open until June 2008. This would cost \$10 million and funds would need to be committed by December 2006 before the actual OHR drawdown begins. This option received no support although the Canadians suggested revisiting the OHR closure decision in December.

17. (C) OHR High Representative Schwarz-Schilling then suggested retaining a small "Bonn Powers Unit," but residing within EUSR. The EUSR would also have the title of HR. In support of this proposal, the HighRep noted that the EUSR would inherit some of the functions that currently reside with the OHR for monitoring and ensuring compliance with the Dayton Agreement. Turkey, Germany, and Japan supported this option. France, Italy, UK, the EC, the EU Council Secretariat, Russia and the US opposed any transference of

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Bonn powers to the EUSR. The UK, France and Italy made clear that if Bonn Powers were deemed needed, then OHR should remain in some form. DAS DiCarlo agreed but pushed to stick

with the current timetable and start the OHR drawdown in December while awaiting a final February 2007 PIC decision on OHR closure.

Brcko

¶18. (C) Newly named-OHR Brcko Supervisor Raffi Gregorian briefed the PIC on Brcko. Plans to end the Supervisory Regime are moving forward, but are behind schedule, he stressed. His aim was to be in a position to recommend ending the regime by March or April 2007, but it would require pressing Brcko District Authorities on some long overdue implementation of prior Supervisory Orders. Gregorian informed the PIC that he was considering issuing a new Supervisory Order that would provide for fines when District Officials failed to meet their legal obligations. Two other issues also required resolution before the Supervisory Regime could end, he added. First, the dispute between Brcko and the entities on tax revenue allocation must be solved; second, the State-level parliament needed to adopt a State Law on Brcko that would regulate the relationship between the State institutions and the District.

Mostar

¶19. (C) Due to the lack of tangible progress in unifying the Mostar city administration, OHR HR appointed Norbert Winterstein as a special envoy to the city. Schwarz-Schilling described Winterstein's role as mediator to help overcome deadlock in civil service appointments, the unification of public utilities, and telecom issues. Should Mostar city officials fail to adopt Winterstein's recommendations, the HR will consider going against "his practice of interfering" and using the Bonn Powers.

Bosnian Leaders on Reform Efforts

¶10. (SBU) Bosnian Council of Ministers members Adnan Terzic, Barisa Colak, and Mladen Ivanic briefed PIC Steering Board members on the overall lack of progress of the reform agenda. Terzic lamented that nothing had been accomplished since the last PIC due to election rhetoric and obstructionism. Colak expressed hope that the newly elected officials could drop their pre-election campaign rhetoric and work on police reform under the three principles required by the EU for a SAA agreement. Colak and Ivanic agreed that no concrete steps could be made on any reforms until the new government

SARAJEVO 00002752 003 OF 003

is up and running most likely sometime by February.

¶11. (U) EUR DAS Rosemary DiCarlo cleared this cable.
MCELHANEY